GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2479
ANSWERED ON:25.07.2014
RESTRUCTURING IMPORT DUTY ON RAW MATERIALS
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Will the Minister of FINANCE be pleased to state:

(a) the estimated growth rate of various sectors of economy including domestic electronics manufacturing sector and growth rate actually achieved during each of the last three years and the current year, sector-wise;

(b) the reasons for slowdown in the growth of various sectors of the economy, sector-wise;

(c) whether the Government proposes to boost domestic electronics manufacturing sector and if so, the details of measures taken/proposed to be taken by the Government in this regard including restructuring of import duty on raw materials ; and

(d) the strategy chalked out by the Government for inclusive and sustainable growth of the economy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN)

(a) The growth rate of the major sectors of the economy over the past three years is given in the table below.

Growth rate in the GDP at factor cost and major sectors at constant (2004-05) prices (in per cent)

Sector	2011-12	2012-13(1R)	2013-14 (P)
1. Agriculture, forestry & fishing	5.0	1.4	4.7
2. Industry	7.8	1.0	0.4
of which manufacturing	7.4	1.1	-0.7
3. Services	6.6	7.0	6.8
4. Total GDP at factor cost	6.7	4.5	4.7

P: Provisional, 1R: First Revised. Source: Central Statistics Office.

The growth rates in the value of domestic production of electronics hardware during 2010-11 and 2011-12 had been 16.4 per cent and 11.2 per cent respectively. As per the latest available data, the corresponding estimated growth rate in 2012-13 was 23.9 per cent.

(b) Factors that led to the recent slowdown in the growth in the Indian economy, inter alia, include; bottlenecks in implementation of projects, subdued business sentiments, elevated levels of inflation and the resultant tight monetary policy and an uncertain global economic conditions. In addition to the slowdown in the fixed investment, several domestic and external factors such as higher rate of interest, infrastructure bottlenecks, inflationary pressures leading to rising input costs and drop in domestic and external demand for some sectors have together contributed to the slowdown in manufacturing. The slowdown in services, in particular, the internal trade, transport and storage sectors could, inter alia, be attributed to the loss of momentum in the commodity-producing sectors.

(c) The Government has outlined several measures in the budget 2014-15 for the electronics sector which, inter alia, include; (i) imposing basic customs duty at 10 per cent on specified telecommunication products that are outside the purview of the Information Technology Agreement; (ii) exempting all inputs/ components used in the manufacture of personal computers from 4 percent special additional duty (SAD); (iii) imposing education cess on imported electronic products to provide parity between domestically produced goods and imported goods; and (iv) exempting 4 percent SAD on PVC sheet and ribbon used for the manufacture of smart cards.

(d) In order to achieve inclusive and sustainable growth of the economy, the Government has laid stress on fiscal consolidation with focused attention on more productive and asset creating employment substantially linked to agriculture and allied activities. The Government aims to eliminate rural poverty through sustainable livelihood options within the framework of Ajeevika, the National Rural Livelihood Mission.